

**TESTIMONY FROM NYCHA'S EXECUTIVE VICE PRESIDENT FOR REAL ESTATE DEVELOPMENT
JONATHAN GOUVEIA
THE IMPACT OF PACT/RAD
COMMITTEE ON PUBLIC HOUSING
TUESDAY, MAY 3, 2022 – 1:00 PM
HYBRID HEARING/COUNCIL CHAMBERS**

Chair Avilés, members of the Committee on Public Housing, other distinguished members of the City Council, NYCHA residents, and members of the public: good afternoon. I am Jonathan Gouveia, NYCHA's Executive Vice President for Real Estate Development. I am pleased to be joined by Shaan Mavani, Chief Asset and Capital Management Officer; Simon Kawitzky, Vice President of Portfolio Planning; Brad Greenburg, Chief Compliance Officer; and Leroy Williams, Senior Director for Community Development. I am also joined by other members of NYCHA's Real Estate team online.

Thank you for this opportunity to discuss our efforts to stabilize a critical source of affordable housing in New York City; make investments that support resident health and prosperity; and engage more deeply with our communities in planning for the future. I'd also like to thank the residents who participated in the panel just now. We have spent many hours meeting and planning with several of you to ensure PACT investments meet the priorities of your community, and this program would not work without your dedication and support.

In 2018, NYCHA committed to using the Permanent Affordability Commitment Together, or PACT, program to rehabilitate and preserve over 62,000 apartments in our portfolio over 10 years. Through this program, NYCHA residents benefit directly from comprehensive repairs, professional property management, enhanced services and programming, and the abatement of environmental hazards like lead, asbestos, and mold. The PACT program also ensures that rent remains permanently affordable, and residents have the same basic rights as they possess in the public housing program.

PACT is NYCHA's best opportunity to deliver on our mission and the only tool the federal government has given our agency to provide NYCHA residents with the safe,

high-quality homes they need and deserve. Particularly as our city emerges from a global pandemic, housing affordability and stability are critical to ensuring an equitable recovery.

Last year we provided the public housing committee with an update on the changes we made to the PACT program – including the specific ways we are centering residents throughout the planning process and key resident protections in the program – and we highlighted how our PACT partner teams are completing repairs at developments across the city.

To date, PACT has generated more than \$3.4 billion in capital funding for comprehensive apartment renovations and building infrastructure improvements for nearly 15,500 households.

Approximately \$579 million in renovations have already been completed, and in the next few weeks, \$714 million in capital repairs will be completed across 12 developments in Brooklyn. Across the city, \$2.1 billion in investments are underway or will begin this year. Another 19,700 households are part of active projects in the process of resident engagement or pre-development. In total, NYCHA has more than 35,000 apartments completed, in construction, or in a stage of resident engagement or pre-development.

Our work to partner with residents and improve their quality of life is truly having a positive impact. A longtime resident of Washington Heights Rehab recently wrote an op-ed praising the significant turnaround of her building and her family's living conditions, thanks to the PACT program. And the non-profit Citizens Housing and Planning Council recently bestowed its "Impact Award for Planning" to the Chelsea developments' Resident Review Committee to recognize the residents' groundbreaking role in the PACT proposal review and partner selection process.

I'd like to start off today by focusing on how repairs have had a positive impact on our residents. The next few slides highlight residents from Baychester and Twin Parks West,

two developments that have received comprehensive repairs and transitioned to new management.

- The first photos are of Ms. Sandra Gross, the Resident Association President at Baychester. Ms. Gross shares that along with repairs to her apartment, improvements to the development's grounds have provided all residents with a safe place to relax outside. You can see in the photos her new kitchen, the new on-site laundromat, and the outdoor seating area.
- The next set of photos are of Twin Park West residents Denny and Fernando Rojas. Through the PACT program, apartment upgrades like new flooring, bathroom renovations, new cabinets, and appliances make a huge impact in residents' day-to-day lives, making these homes modern, safe, and healthy for multiple generations.
- And lastly I'll share images of Ms. Nesmith, who spoke about how responsive the new property management team has been. With additional resources for on-site property management, residents see improvements in repair time and in the day-to-day upkeep of the sites and grounds.

Over the past year, our residents, staff, and partners have accomplished a lot, and we'd like to share some of the progress we've made together.

As you know, many of our NYCHA residents have been living with unacceptable conditions, in aging buildings with failing systems neglected by insufficient funding for a long time. They know the needs of their community best because they endure these conditions every day. Because of their deep understanding of both community and household needs, residents play a significant and active role in the planning that happens at their development through the PACT program.

To ensure that PACT investments address community goals and priorities, we created a planning process that is both transparent and centers resident expertise throughout. We want every meeting, workshop, and engagement activity to have a clear purpose and agenda. In this way, we are striving to make the best use of the valuable, but limited,

time that residents have to take out of their busy lives to plan with us.

We invite resident leaders to participate in selecting the developers, general contractors, property managers, and social service providers who will renovate and maintain their developments. Resident leaders have had the opportunity to review proposals, interview development teams, and help us select the partners who are best suited to serve their community.

For example, Resident Review Committees have led the partner selection process at Fulton/Elliott-Chelsea, Frederick Samuel Apartments, Edenwald, and Reid Apartments and Park Rock Consolidated. And we are currently working with Resident Review Committees across 17 developments to select PACT partners. Later this spring and summer, an additional 28 developments will start the Resident Review Committee process. With each project, we are learning how to support the Resident Review Committee process, and we implement lessons learned with each new round. Earlier, you were able to hear directly from tenant leaders about their involvement in the selection of PACT partners.

With these new demands on the time and expertise of resident leaders, we also want to ensure that they are prepared and supported. To do this, we launched an initiative called the PACT Resource Team, which pairs residents with trusted, third-party advisors and consultants. The team is led by LISC NYC, Public Works Partners, Pratt Center, and Public Policy Lab. Residents leaders can select technical assistance providers based on the specific support needs and interests of residents at their development.

Additionally, all households have access to free legal assistance through a PACT hotline run by the Legal Aid Society. Residents can call the hotline and ask questions about the PACT program generally or discuss questions and concerns related to their new PACT lease.

We also recognize that information sharing and clear communication are key factors to successful engagement. We have printed materials, videos, and web resources to ensure

that residents have the latest information about PACT and their development. We host information sessions about resident rights and protections, the rehabilitation process, and other program elements. All of this information is translated, available in multiple languages online, and delivered to all households in the PACT planning process. All meetings have live translation, and materials are posted online afterwards.

We have also returned to in-person meetings at many developments. We conduct tabling, office hours, open houses, workshops, and monthly meetings with resident associations to keep everyone informed and to answer their questions. Residents in the planning process also have the opportunity to tour completed PACT projects. During these tours, residents can see the end result up close – they can touch the tiles, see the quality of the finishes, and speak directly with residents with lived experience of the transition.

Last year, our partners finished construction at Baychester/Murphy and Betances, delivering 4,300 residents with over \$261 million in critical capital repairs. In the coming months, partners will complete construction at Hope Gardens and our Brooklyn Bundle sites, completing \$714 million in repairs across 3,900 apartments.

The work completed at a development is comprehensive, meaning that our partners upgrade all aspects of the development. It is a HUD requirement that our selected partner teams address the 20-year capital need in each building.

As you can see in the photos, repairs are made to:

- Building systems, such as elevators, boilers, roofs, windows, and facades;
- Grounds, including landscaping, lighting, security, playgrounds, and public spaces;
- Common areas, including lobbies, hallways, stairwells, and community spaces; and of course,

- Resident apartments, where kitchens, bathrooms, and flooring are all typically replaced, among other improvements.

The next few slides show some of the recent work completed across the city at Betances, Berry Street, Warren, Weeksville, Baychester, Independence, Samuel MHOP, and Armstrong.

PACT also addresses critical environmental health issues:

- PACT partners must conduct comprehensive investigations that identify environmental contamination and health hazards during pre-development.
- Based on the findings of those reviews, partners will be required to address environmental hazards, including the full abatement of lead-based paint in accordance with the 2019 Agreement with HUD.
- Notably, full abatement of lead-based paint has begun this year at the two early abatement sites identified in the HUD Agreement, Williamsburg and Harlem River Houses.

And, through PACT, we are bringing additional resources into the community:

- NYCHA requires that PACT partners work with community-based non-profits to deliver social services and community programming based on the needs of the specific community. Service providers are required to staff dedicated, on-site social workers.
- As an example, the social service team at Betances, Catholic Charities, helped connect residents with several resources during the pandemic, including rent support, food, and even immigration support. This is one example of how on-site case managers are able to provide direct support to households – and it highlights how the PACT program not only provides critical repairs to our buildings but also supports our communities holistically by investing in resources and amenities that support resident health and prosperity.

In the past few months, we transitioned eight developments through PACT to the Project-Based Section 8 program. While comprehensive repairs and construction work have just started at these developments and will take years to complete, residents benefit from new property management immediately. I'll highlight some of the immediate work that happened on-site at these developments:

- At Williamsburg, on day one the new management team picked up trash and cleaned all of the grounds. They've also had an electrician, locksmith, and heating contractor on-site seven days a week to assist with timely repairs, and they've repaired all existing lighting. The partner team has also closed 100 percent of the mold and leak work tickets transferred to them from NYCHA property management.
 - And just last week, the first group of residents moved back into their fully renovated apartments. While residents stayed in a temporary apartment on-site, all lead paint was abated from their home and comprehensive repairs were completed. In just a matter of weeks, these households now have modern, safe, and, most importantly, lead-free homes to live in.
- At Linden/Penn-Wortman, several repairs have been made to critical building systems, including the replacement of a failing hot water system at Penn-Wortman. And repairs were made to an FDNY water line that had been out of service for two years, bringing fire protection back to three buildings. In just a few months, the new property management team closed almost 80 percent of all mold and leak work tickets that were transferred to them from NYCHA property management.
- At Harlem River, the team conducted a full sweep of the buildings and grounds, cleaning all common areas and removing a significant amount of trash. They also cleaned out the trash compactor on-site, making it usable for residents. They now have development-wide cleanings happening every day.

- At Boulevard, the newly hired facility manager grew up in the development and is familiar with the building's history and residential community. Under his direction, the facilities team is now providing emergency repairs to all elevators and boilers, along with a wide range of extermination services.

While new PACT property managers are now responsible for the day-to-day maintenance at our PACT sites, when a development transitions to Project-Based Section 8, it remains under public control and oversight. The Real Estate Department directly manages the Authority's program, supported by several other NYCHA departments, including Community Development and Leased Housing, which administers the HUD Section 8 subsidy. Essentially, NYCHA has contracted with our partners to complete repairs and provide the daily maintenance that we are unable to conduct with such limited resources. NYCHA remains an active stakeholder after PACT conversions through a few different and significant roles. For example:

- NYCHA continues to own the land and buildings that transition to Project-Based Section 8, and all apartments continue to be subsidized through HUD. Accordingly, NYCHA and HUD both have a regulatory and oversight role.
- NYCHA is the Section 8 administrator for the entirety of the PACT program and controls the release of the HUD Section 8 subsidy. This means that NYCHA continues to certify household incomes and set the rents that can be charged to each household. Any vacant apartment must be leased to households off the NYCHA-administered Section 8 waitlist. And federal regulations require that Section 8 units meet the Housing Quality Standards, which serves as a strong financial incentive for partners to address repair issues in a timely manner.
- Through our Asset Management and Design & Construction teams, NYCHA monitors conditions at each development and ensures that PACT partners adhere to their obligations to residents. The PACT projects are monitored through numerous reporting and tracking efforts, including:

- Monitoring the construction scope and progress of repairs,
 - Creating new strategies to prevent displacement,
 - Monitoring ongoing maintenance and repairs at the properties,
 - Job placement and training related to the Section 3 program,
 - MWBE contracting, and
 - Monitoring the financial health and financial performance of each transaction.
- A newly created Post-Conversion Unit, which is led by Community Development, conducts quarterly field visits with our resident leaders, on-site community groups, the property management team, and the social service providers.

And critically, because residents remain under NYCHA's oversight and in the federal Project-Based Section 8 program, their rights and protections are preserved. Among others, residents are protected by these rights:

- Rent is calculated to be 30 percent of a household's income;
- Residents and authorized household members continue to have succession rights;
- Residents and resident associations continue to have the right to organize and receive funding; and
- Residents can apply for jobs created by the program.

These rights are codified in the HUD Rental Assistance Demonstration (RAD) program requirements and also through the PACT Section 8 lease, which we strengthened based on feedback from resident leaders and housing advocates. NYCHA requires that PACT partners all use the same PACT Section 8 lease, and they cannot revise it without NYCHA's approval. Residents at all PACT sites are protected by these rights, and our PACT partners are unable to change or remove them.

While this program invests capital funding into the physical infrastructure of buildings, we are also making significant investments in people and our neighborhoods. And we can see the results. After years of planning and construction work, residents are able to

live healthy, supported lives, in homes that remain affordable for generations. The PACT program is NYCHA's only tool that allows us to make these investments, and we must make sure we get it right. We've learned a lot from our stakeholders about how to improve our planning, engagement, and rehabilitation processes. We remain committed to ever improving our work by listening to our biggest stakeholders, our residents, and we understand there are additional opportunities to further improve the program. We look forward to working with our residents, along with members of this committee and other stakeholders, to continually improve PACT.

We must continue working together as a community to succeed in our shared mission of strengthening and preserving this vital resource of affordable housing in New York City. Thank you for your support. We are happy to answer any questions you may have.